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From Schools of Thought to a Tentative Typology of Social Enterprise Models

Jacques Defourny and Marthe Nyssens
(ICEM Working Papers, 2015, forthcoming)
Contents

I. Review of Social Enterprise Classifications
II. Finding « Logics of Action »
III. Logics of Action generating Social Enterprise Models
IV. Analysing SE Models through EMES Lenses
I. Social Enterprise Classifications


3. Defourny and Nyssens (2010) identified 3 SE schools of thought:
   A. Earned Income school involving
      - the Commercial Nonprofit Approach (Trading NPO)
      - the Mission-driven Business Approach (Social Business)
   B. Social Innovation school (ex. Ashoka social entrepreneurs)
   C. EMES Approach allowing for a wide diversity of SE models while stressing governance as an important dimension as in Cooperatives and many Associations.
4. Spear et al. (2009): classification of SE based on **their origins**

A. Trading charities  
B. Public sector spin-offs  
C. New-start social enterprises  
D. Mutuels

5. Teasdale (2012): classification of SE according to **discourses**

A. Earned income  
B. Delivering Public Services  
C. Social business  
D. Community Enterprise  
F. Co-operatives

A. Altruistic purpose: Charity and philanthropy
B. Public statist purpose: Public social enterprise
C. Private market purpose: Business and enterprise
D. Community purpose: Community and voluntary association
E. Mutual purpose: Co-operation and mutuality
F. Ethical purpose: Alterity and radicalism
II. Finding "logics of action" (1)

- « Public sector spin-offs » (Spear et al.)
- « Delivering public services » (Teasdale)
- « Public statist purpose » (Gordon)

  General interest pursued by the State and by state-controlled organisations

- « Trading charities» (Spear et al.) «
- « Delivering public services » (Teasdale)
- « Altruistic purpose » (Gordon)

  General interest (at all levels) pursued by NPOs
II. Finding "logics of action" (2)

- « Mutuals » (Spear el al.)
- « Cooperatives » (Teasdale)
- « Mutual purpose » (Gordon)

Mutual interest pursued by member-based not-for-profit enterprises

General Interest (GI) and Mutual Interest (MI) as two « logics of action » quite distinct from shareholders’ « Capitalist Interest » (CI)
III. Logics of action generating SE Models
Logics of action generating SE Models

General Interest (GI)

Mutual Interest (MI)

Capitalist Interest (CI)

ENP

GI-Assoc.

Coops

State

Dominant non-market income

Dominant market income

FPOs

MI-Assoc.
Model 1: Entrepreneurial NPO

NPO developing any earned-income business or/and other entrepreneurial strategies in support of its social mission

- NPO with a mission-unrelated trading activity (trading charities: a shop whose surplus finances the social service...)

- NPO's subsidiary with a trading activity

- NPO with mission-centric economic activities developing entrepreneurial strategies (WISE...
Logics of action generating SE Models

Mutual Interest (MI) - Mutual Interest (MI) - Assoc.
GI-Assoc. - General Interest (GI) - State
Coops - Dominant non-market income
SC - Dominant market income
FPOs - Capitalist Interest (CI)
Model 2: Social cooperative

Cooperative or cooperative – like enterprise implementing economic democracy and combining mutual interest with the interest of the whole community or with the interest of a specific target group

– Single stakeholders coop. (popular economy labor – managed firms, renewable energy citizens’ coop., etc.)

– Multiple stakeholders coop. (short circuits coop. with producers and consumers, Italian social coops)
Logics of action generating SE Models

- Mutual Interest (MI)
- Capitalist Interest (CI)
- General Interest (GI)

- SB
- GI-Assoc.
- MI Assoc.
- Coops
- State
- FPOs
- Dominant market income
- Dominant non-market income
- CSR
Model 3: Social business

Shareholder company combining business activities with the primacy of a social mission:

– SMEs combining a for-profit motive with the primacy of their social mission

– "Yunus type" social business: a non-loss, non-dividend, fully market-based company dedicated entirely to achieving a social goal

– Social intrapreneurship strategies developed by large companies well beyond instrumental CSR strategies
Mutual Interest (MI)

General Interest (GI)

Capitalist Interest (CI)

Logics of action generating SE Models

Dominant market income

Dominant non-market income
Model 4: Public Sector Social Enterprise

Public sector spin-off: a WISE developed by a local public welfare centre, social services delivered by a local public body on a quasi-market...
Logics of action generating SE Models
IV. Analysing SE models through EMES lenses
An «ideal-type» social enterprise defined by

- An economic project
  - A continuous production
  - Some paid work
  - An economic risk

- A social mission
  - An explicit social aim
  - Limited profit distribution reflecting the primacy of social aim
  - A initiative launched by a group of citizens or TSO

- A participatory governance
  - A high degree of autonomy
  - A participatory nature, which involves various parties affected by the activity
  - A decision-making power not based on capital ownership
THE EMES DEFINITION AS AN « IDEAL-TYPE »

• These criteria are not conditions to be strictly met to deserve the label of social enterprise

• They rather define an « ideal-type » (abstract construction) like a star within the « galaxy » of social enterprises

A methodological tool rather than a normative framework to analyse SEs models

The ICSEM questionnaire relies on the hypothesis that these 3 major dimensions would particularly inform the diversity of SE models and be relevant to develop typologies.
An « ideal-type » social enterprise defined by

- **A social mission**
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<table>
<thead>
<tr>
<th>Logics of action</th>
<th>Work integration</th>
<th>Access to health or social services</th>
<th>Ethical consumption/production</th>
<th>Ecological and social transition</th>
<th>Fighting poverty and social exclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Entrepreneurial nonprofit</strong></td>
<td>WISE implemented by a charity</td>
<td>Association providing home care services for elderly</td>
<td>Associative Fair trade shop</td>
<td>Neighbourhood association (régies de quartier)</td>
<td></td>
</tr>
<tr>
<td><strong>Public sector SE</strong></td>
<td>WISE implemented by a local public service</td>
<td>Local public body providing social services on a quasi-market</td>
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<tr>
<td><strong>Social cooperative</strong></td>
<td>Popular economy LMF Social coop. type B (Italy)</td>
<td>Coop of health care professionals</td>
<td>Renewable energy citizen coop. Coop. in short circuits</td>
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<tr>
<td>➢ Single stakeholder</td>
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<tr>
<td>➢ Multiple stakeholder</td>
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<tr>
<td><strong>Social Business</strong></td>
<td>A company developing a call center with the primacy of its social mission: hiring handicapped people</td>
<td>A social worker starting a residential care institution Aravind eye hospital</td>
<td>SME active in fair trade</td>
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<tr>
<td>➢ SME</td>
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<tr>
<td>➢ Yunus type</td>
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<td></td>
<td>Grameen Danone social business</td>
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<tr>
<td>➢ Project developed by large companies</td>
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<td></td>
<td></td>
<td>Bottom of the pyramid strategies</td>
<td></td>
</tr>
</tbody>
</table>
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<table>
<thead>
<tr>
<th>Features of profit distribution</th>
<th>Logics of action</th>
<th>Cap on distribution of profit</th>
<th>Cap on distribution of profit</th>
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</thead>
<tbody>
<tr>
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<tr>
<td><strong>Entrepreneurial nonprofit</strong></td>
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<td>None</td>
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<tr>
<td>(NPO or NPO's subsidiary with a trading activity)</td>
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<tr>
<td><strong>Public sector SE</strong></td>
<td>X</td>
<td>X</td>
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<tr>
<td><strong>Social cooperative</strong></td>
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<td><strong>Social Business</strong></td>
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<tr>
<td>➢ <strong>SME</strong></td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>➢ <strong>Yunus' type</strong></td>
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<tr>
<td>(non dividend company)</td>
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<td>➢ <strong>Project developed by large companies</strong></td>
<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<th>Governance</th>
<th>Democratic</th>
<th>Bureaucratic</th>
<th>Independent</th>
<th>Capitalist</th>
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<td>cooperative</td>
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<td>as co-owners</td>
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<td>Public sector</td>
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<td>developed by</td>
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<tr>
<td>large companies</td>
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<tr>
<th>Economic risk</th>
<th>Logics of action</th>
<th>Mix of resources</th>
<th>Quasi-market resources</th>
<th>Fully market based resources</th>
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<td></td>
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